



SHIELDALLOY METALLURGICAL CORPORATION

DAVID R. SMITH
ENVIRONMENTAL MANAGER
NEWFIELD OPERATIONS

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January 13, 2006

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Ms. Carole Petersen, Chief
New Jersey Remediation Branch
U.S. Environmental Protection Agency
Region 2
290 Broadway
New York, New York 10007-1866

RE: TRC Companies' Exit Strategy for
the Shieldalloy Metallurgical Corporation Site
Gloucester County, Newfield, New Jersey

Dear Ms. Petersen:

The purpose of this letter is to request USEPA Region 2 to authorize the New Jersey Department of Environmental Protection (NJDEP) as a joint beneficiary to surrender and to instruct the Bank of America to terminate Shieldalloy Metallurgical Corporation's (SMC's) letter of credit¹ upon the establishment of the financial assurances as specified paragraphs 59 and 60 of the draft Administrative Consent Order (ACO) and the execution of the same by SMC, TRC Companies, Inc. (TRC) and NJDEP.

Donna Gaffigan, NJDEP Case Manager for the SMC Newfield site, has kept Trevor Anderson and you informed and involved in the development of the Exit Strategy project and negotiations of the draft ACO between SMC, TRC and NJDEP. The language of the ACO has been finalized and NJDEP has provided it to TRC and SMC for signature. The Exit Strategy contract between SMC and TRC has been executed and the AIG Insurance policy for the project has been secured. TRC will soon be providing NJDEP with information to allow evaluation of the self guarantee application. SMC is in the process

¹ Refinancial assurance posted pursuant to the United States Bankruptcy Court Southern District of New York; In re Chapter 11, Metallurg, Inc. and Shieldalloy Metallurgical Corporation (Debtors) Nos. 93 B 44468 (JLG) and 93 B 44469 (JLG); ordered on March 26, 1997 by U.S. Bankruptcy Judge James F. Garrity, Jr.

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of establishing the fully-funded trust in the amount \$600,000.00 to address perchlorate investigation and remediation, as appropriate.

Based on the above, SMC is requesting USEPA to send a letter to Mr. Ronald T. Corcory, Assistant Director, NJDEP-Division of Remediation Support, Oversight Resource Allocation Element, confirming USEPA's authorization of the termination of SMC's letter of credit upon the full execution of the ACO by all parties. If you should require any additional information from SMC or TRC to expedite your review and agreement to authorize NJDEP to surrender the letter of credit, please do not hesitate to contact me. Likewise, if you or Trevor have any questions, please feel free to call me at (856) 692-4201 extension 226 or e-mail me at dsmith@shieldalloy.com.

Sincerely,

A handwritten signature in black ink, appearing to read "David R. Smith", with a stylized flourish at the end.

David R. Smith

Cc: Eric J. Jackson, Metallurg, Inc. / SMC
Barry C. Nuss, Metallurg, Inc.
Joseph T. Diegel, SMC
Joseph Seebode, NJDEP-SR
Ronald T. Corcory, NJDEP-DRS-ORA
Donna L. Gaffigan, NJDEP-DRPSR-BFCM
Dehna Karlen, USEPA Region II - ORC-NJSB
✓ Trevor Anderson, USEPA Region II - ERRD-NJRB
Robert C. Smith, TRC
Martin M. Judge, DBR